

**STAFF SUMMARY AND RECOMMENDATION
AIDS HEALTHCARE FOUNDATION (“AHF”)**

**Amendment to Resolution Number F-310
June 30, 2005**

ISSUE AMOUNT: \$7,625,000 **ORIGINAL APPROVAL DATE:** May 26, 2005

CREDIT ENHANCEMENT: Cal-Mortgage Insurance.

EXPECTED RATING: A (S&P), based on Cal-Mortgage Insurance.

SENIOR UNDERWRITER: Altura, Nelson & Co., Incorporated.

TYPE OF FACILITY: Healthcare organization.

LOCATION: 2146 West Adams Blvd., Los Angeles, California.
1001 North Martel Ave., Los Angeles, California.

USE OF BOND PROCEEDS: The funds will be used to refinance its 1992 Refunding Series C Bonds and its proportionate share of the 1994 STARTS Series B Bonds, resulting in approximately \$62,000 in annual savings or \$1,047,000 over the remaining life of the bonds.

ISSUE: Resolution Number F-310 was approved in an amount not to exceed \$7,625,000 subject to a bond rating of “A” for fixed rate bonds, based on Cal-Mortgage Insurance, and submission of the 2004 audited financial statements consistent with the unaudited 2004 financial statements presented to the Authority. The 1994 STARTS Bonds were issued to finance the Linn House, a 25-bed residential facility, located at 1001 North Martel Avenue in Los Angeles. In 1995, AIDS Healthcare Foundation (AHF) entered into a contract with the California Department of Health Services to provide Human Immunodeficiency Virus (HIV) healthcare to Medi-Cal beneficiaries under the Positive Healthcare Plan, based on managed care capitation fee premium program. As a result, the Linn House was converted from a 25-bed residential facility to an administrative annex in 1995 to cater for and expand the Positive Healthcare Plan.

REASON FOR AMENDMENT REQUEST: AHF requests this amendment because it needs Authority approval to convert its 25-bed residential facility Linn House into an administrative annex to provide HIV healthcare to Medi-Cal beneficiaries under the Positive Healthcare Plan in California. Although the staff report presented to the Authority’s May 26, 2005 board meeting did provide information on conversion of the Linn House from a 25-bed residential facility to an administrative annex, the 1994 STARTS Bonds loan agreement requires formal approval from the Authority.

FINANCIAL UPDATE: In the staff recommendation as presented in the staff report to the Authority in May 2005, AHF was required to submit its 2004 audited financial statement which must be consistent with the unaudited 2004 financial statements presented to the Authority. AHF has now submitted its audited 2004 financial statements, which provides a slightly improved financial picture compared to the unaudited information.

RECOMMENDATION: Staff recommends the Authority approve an Amendment to Resolution Number F-310 subject to all other provisions and conditions remaining unchanged and in full effect.